

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00 CIAE-00

DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 AID-05 IGA-01 EB-07 TRSE-00 OMB-01

MC-02 /062 R

DRAFTED BY AF/I:JAANDEREGG:PCS

APPROVED BY AF/I:DAZACHARY

AF/E:ESHIPPY

PM/SAS:DJJAMES

DOD/ISA:GBADER

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FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI IMMEDIATE

C O N F I D E N T I A L STATE 149750

E.O. 11652:GDS

TAGS:MASS KE US

SUBJ: KENYA PROGRAM: FMS CREDITS

REF: NAIROBI 5292

1. KENYAN CHARGE ADUNDO MET TODAY WITH TREASURY REPRESENTATIVE TO DISCUSS FORM OF LOAN AGREEMENT AND PROMISSORY NOTE. ADUNDO STATED HE HAS RECEIVED AUTHORITY TO SIGN BUT HAD NOT RECEIVED AUTHORIZATION TO MAKE PAYMENT OF \$12,500 GUARANTY FEE.

2. ADUNDO RAISED QUESTION OF INCREASING GRACE PERIOD FROM TWO TO THREE YEARS. TREASURY REP POINTED OUT NORMAL GRACE PERIOD FOR SUCH A SMALL AMOUNT IS ONE YEAR. RECENTLY SEVERAL OTHER COUNTRIES HAD TRIED TO GET GREATER GRACE PERIOD, BUT ALL HAD SETTLED FOR TWO YEARS. ON OTHER HAND, TREASURY COULD REARRANGE PAYMENT SCHEDULE SO AS TO MAKE FIRST TWO SEMI-ANNUAL PAYMENTS AT ONLY \$250,000 EACH ON
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JUNE 30, 1977 AND DECEMBER 31,1977. THEN ALL SEMI-ANNUAL

PAYMENTS AFTER THAT WOULD BE \$450,000 UNTIL ENTIRE PRINCIPAL PAID ON DECEMBER 31, 1982. TREASURY REP BELIEVED THESE GOOD TERMS, ESPECIALLY AS INTEREST WOULD BE PAID ONLY ON MONEY DISBURSED AT THE THEN COST TO U.S. GOVERNMENT.

3. ADUNDO UNDERTOOK TO PHONE KENYAN MINISTRY OF FINANCE TODAY AND SEEK ADVICE ON BOTH GRACE PERIOD QUESTION AND

PAYMENT OF \$12,500 FEE. DUE TO PRESS OF TIME BEFORE JUNE 30, TREASURY HAS MANY ARRANGEMENTS TO SIGN IN NEXT FEW DAYS AND WOULD LIKE TO HAVE KENYA SIGNING AT 11:00 A.M. EDT JUNE 26. IF THAT IS NOT POSSIBLE, WE WOULD HAVE TO FIT IT INTO RATHER CROWDED TREASURY SCHEDULE.

4. ADUNDO ALSO RAISED QUESTION OF ADDITIONAL TRAINING COMPONENT WHICH WE WILL DISCUSS IN SEPARATE MESSAGE, ALONG WITH EMBASSY'S QUESTION ON TRAINING EQUIPMENT. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY ASSISTANCE, LOAN AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE149750
Document Source: CORE
Document Unique ID: 00
Drafter: JAANDEREGG:PCS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750220-0908
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750616/aaaaaaiw.tel
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 NAIROBI 5292
Review Action: RELEASED, APPROVED
Review Authority: woolflhd
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 AUG 2003 by BoyleJA>; APPROVED <15 DEC 2003 by woolflhd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KENYA PROGRAM: FMS CREDITS
TAGS: MASS, KE, US
To: NAIROBI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006